

VZCZCXYZ0001  
RR RUEHWEB

DE RUEHSB #0099/01 0400901  
ZNR UUUUU ZZH  
R 090901Z FEB 09  
FM AMEMBASSY HARARE  
TO RUEHC/SECSTATE WASHDC 4012  
RUCNSAD/SOUTHERN AF DEVELOPMENT COMMUNITY COLLECTIVE  
RUEHUJA/AMEMBASSY ABUJA 2191  
RUEHAR/AMEMBASSY ACCRA 2611  
RUEHDS/AMEMBASSY ADDIS ABABA 2733  
RUEHRL/AMEMBASSY BERLIN 1213  
RUEHBY/AMEMBASSY CANBERRA 2002  
RUEHDK/AMEMBASSY DAKAR 2358  
RUEHKM/AMEMBASSY KAMPALA 2782  
RUEHNR/AMEMBASSY NAIROBI 5210  
RHEHAAA/NSC WASHDC  
RHMFISS/EUCOM POLAD VAIHINGEN GE  
RUEHGV/USMISSION GENEVA 1903  
RUZEJAA/JAC MOLESWORTH RAF MOLESWORTH UK  
RHEFDIA/DIA WASHDC  
RUEAIIA/CIA WASHDC

UNCLAS HARARE 000099

AF/S FOR B. WALCH  
ADDIS ABABA FOR USAU  
ADDIS ABABA FOR ACSS  
NSC FOR SENIOR AFRICA DIRECTOR B.PITTMAN  
TREASURY FOR D. PETERS  
STATE PASS TO USAID FOR L.DOBBS AND E.LOKEN  
COMMERCE FOR ROBERT TELCHIN

SIPDIS

E.O. 12958: N/A  
TAGS: [PGOV](#) [PREL](#) [ASEC](#) [PHUM](#) [ECON](#) [ZI](#)

SUBJECT: ZIM NOTES 02-09-2009

-----  
1. SUMMARY  
-----

Topics of the week:

- MDC Prepares to Enter Government...
- MDC-T's Biti Appears to Face Charges...
- ... And Sues The Herald for Defamation...
- USAID Driver Denied Bail...
- No Progress in Other Court Cases...
- Cholera Still Ravaging Zimbabwe...
- Anglican Church Calls for Mugabe to Step Down...
- Students Protest...
- Judge Sues First Lady to Retain Stolen Farm...
- Journalist Wins Award, Speaks at Syracuse University...
- Latest Monetary Policy Embraces Market Liberalization, Mostly...
- High Telecom Charges to Be Reviewed Downward...
- Fall In US Dollar Prices Set to Reverse...
- Missed Opportunity in Maize Production...
- Tobacco Production Decline Also Continues...

-----  
2. Price Movements-Exchange Rate  
and Selected products  
-----

The interbank exchange rate depreciated from Z\$20:US\$1(NOTE:  
revalued Z\$ following the removal of 12 zeros on February 9, 2009  
END NOTE)to Z\$28.54:US\$ in four days this week.

The parallel rate for cash ranged from Z\$3-5:US\$1 for small notes,  
to Z\$40-50:US\$ for large notes

-----  
On the Political/Social Front  
-----

¶3. MDC Prepares to Enter Government... MDC president Morgan Tsvangirai made clear this week that he will be inaugurated as prime minister on February 11. Amendment 19 was passed unanimously in both the House of Assembly and Senate on Thursday. The parties are close to agreement on the allocation of governors. The Joint Monitoring and Implementation Committee, composed of representatives of all three parties, has agreed that all abductees should be released on bail. Tsvangirai is confident this will happen before February 11. See Harare 79, 85, and 91.

¶4. MDC-T's Biti Appears to Face Charges... Tendai Biti, MDC- T Secretary General appeared in a lower court on February 5 regarding charges of treason and making statements likely to cause public disorder in connection with a document he allegedly authored in March 2008. On February 6, the magistrate removed the case from remand - essentially removing it from the list of cases to be tried. The State retains the option to bring the case to a trial through a court summons, which is unlikely.

¶5. ... And Sues The Herald for Defamation... Biti has filed a US\$500,000 defamation suit against the government-controlled Herald newspaper based on a series of articles claiming Biti is plotting to oust Morgan Tsvangirai as party president. One of the accused reporters, Mabasa Sasa, told PAS that The Herald refused to retract the story on the basis that Biti wanted both the retraction and the US\$500,000. "We still stand by our stories and we will meet him in court," said Sasa. On January 24 The Herald published a story stating that Biti had denied the allegations and dismissed two stories published in the Herald as false. No date has been set for the hearing.

¶6. USAID Driver Denied Bail... The bail hearing for Frank Muchirahondo, the USAID driver wrongfully arrested on January 22 on charges of attempted murder of Air Marshal Shiri, took place on February 5 after two postponements. The prosecution argued Frank should be denied bail because he was a flight risk due to overwhelming evidence, severity of the charge, and because he was caught trying to "sneak out" of the country. On February 6, the judge denied Frank bail. The embassy continues to work for his exoneration through a number of political channels. A USAID USDH employee visits Frank daily to bring him food and water and to provide him with moral support while demonstrating to authorities that his case and safety is being watched very closely.

¶7. No Progress in Other Court Cases... Jestina Mukoko and other abductees again appeared in the High Court this week, seeking bail while their constitutional case is pending in the Supreme Court. Justice Alphas Chitanyunke ruled that since Mukoko had not yet been charged in court, she could not be granted bail. Mukoko and others abductees are due to appear in a lower court on February 9. The MDC has called for their release, but has not made it a condition for entering government.

¶8. Cholera Still Ravaging Zimbabwe... With nearly 68,000 cases and 3,371 deaths as of February 5, cholera continues to wrack communities across Zimbabwe. Although cholera cases continued to increase, the number of cholera deaths remained stable, decreasing the overall fatality rate from 5.0 to 3.9 percent. Cumulative cases now exceed WHO's earlier worst-case projection of 60,000 cases, prompting a new projection, now ranging from 81,000 to 115,000 cases. Upcoming seasonal floods have the potential to exacerbate the outbreak, which could continue for several months. See Harare ¶86.

¶9. Anglican Church Calls for Mugabe to Step Down... Anglican leaders meeting in Egypt issued a statement expressing "horror" at the continued crisis in Zimbabwe. They further called on Mugabe to step down and on church leaders across Africa to meet with African politicians to draw attention to the plight of the Zimbabwean people.

¶10. Students Protest... Following an announcement that students at the University of Zimbabwe had just one week to come up with US\$400 for exam fees, students launched a protest on February 3 that quickly spread to a nearby residential area. 80 riot police arrived on the scene, arresting and beating students. 60 were arrested and 10 were injured, including one with a broken finger.

¶11. Judge Sues First Lady to Retain Stolen Farm... The First Lady has reportedly grabbed a farm occupied by High Court Judge Ben Hlatshwayo for her son from her first marriage. Hlatshwayo himself first seized the farm in 2002 from a white family, despite a court order preventing him from doing so. According to press reports, Qorder preventing him from doing so. According to press reports, Hlatshwayo is now trying to fight the seizure in court.

¶12. Journalist Wins Award, Speaks at Syracuse University... Zimbabwean journalist Frank Chikowore, who was arrested in 2008 for "practicing journalism" without proper accreditation, was honored with the 2009 Tully Center Free Speech Award at Syracuse University. The other award went to the New York Times' Barry Bearak, who was also arrested in Zimbabwe in 2008 for "presenting himself as a journalist." Bearak also lacked government-required accreditation. Chikowore stunned students with his stories of the dangers of practicing independent journalism in Zimbabwe.

-----  
On the Economic and Business Front  
-----

¶13. Latest Monetary Policy Embraces Market Liberalization, Mostly... Reserve Bank Governor Gono announced the liberalization of the foreign exchange market and the dropping of another 12 zeros off the local currency in his Monetary Policy Statement on February 3. Worryingly, and contrary to utterances about respect for property rights, he revoked with immediate effect the contractual agreements with platinum and diamond companies that allow them to maintain their earnings offshore, and he appeared to leave the door ajar to resume off-budget spending. The decision to leave the Zimbabwe dollar in circulation is futile in light of the public's loss of confidence in the currency. Sovereign debt figures indicate that without substantial balance of payments support, Zimbabwe's reforms will not succeed. See Harare 77.

¶14. High Telecom Charges to Be Reviewed Downward... Following the permission to charge clients in foreign currency, most mobile phone service providers imposed exorbitant charges as high as US\$35 cents per minute. A Postal and Telecommunications Regulatory Authority of Zimbabwe (POTRAZ) official indicated this week that the rates will be reviewed downward in view of the public outcry and the budget proposal to reduce value added tax on airtime from 22.5% to 15%.

¶15. Fall In US Dollar Prices Set to Reverse... The recent falling trend in the price of most commodities appears to have reversed itself since the budget presentation on January 29, 2009. Retailers have begun to ratchet up prices in line with the increase in restocking costs that they anticipate as the government seeks to augment revenues by raising taxes on imported commodities including some basics.

¶16. Missed Opportunity in Maize Production... Commercial Farmer's Union (CFU) grains expert George Hutchison told us this year's maize production could have been higher than his estimate of 800,000 MT, had the targeted area of 1.2 million ha been planted and supplied with the right inputs in a timely manner. The FAO's Agriculture Coordination Working Group reported on January 29 that about 890,000 ha of maize were planted. Rainfall has been normal to above normal across the country since mid December, and evenly distributed. Hutchison estimates maize demand of 1.6 million tons this year, including for stock feed, and believes the country will have to import some 800,000 MT.

¶17. Tobacco Production Decline Also Continues... Figures from the Tobacco Industry and Marketing Board indicate that tobacco production will dip a further 10% this year due to the shrinkage in total area planted. The Reserve Bank reported that tobacco exports earned the country US\$204 million last year.

-----  
Economic Tidbit of the Week  
-----

¶18. While the hard-currency price of bread is steady at US\$1, in local currency terms it moved from around Z\$10 to Z\$200 (new values) following the recent economic policy announcements, implying a

Qfollowing the recent economic policy announcements, implying a massive 95% depreciation of the local unit in a week.

-----  
Quote of the Week  
-----

[¶](#)19. "We are asking for the international community to support this agreement, support this Government without equivocation and help us try to salvage our country. It is not for Britain or America to judge our agreement. Your job as America or Britain is to support what we try to do. All the skeptics must now shut up and support what Zimbabweans want. Listen to us as Zimbabweans." -- Arthur Mutambara, speaking at the World Economic Forum in Davos, Switzerland on January 31.

MCGEE